

State of Washington Decision Package

Agency: 310 Department of Corrections
Decision Package Code/Title: AF Software Sustainability

Budget Period: 2007-2009

Budget Level: M2 – Inflation and Other Rate Changes

Recommendation Summary Text:

The Department requests funding to extend the interagency computer leasing agreement with the Department of Information Services to include computer software in an effort to achieve a predictable, appropriate software replacement cycle.

Agency Total

<u>Fiscal Detail</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>Total</u>
Operating Expenditures			
001-1 - General Fund - Basic Account-State	\$1,565,000	\$1,565,000	\$3,130,000
Staffing			Annual
FTEs	N/A	N/A	Average
			N/A

Program 600-Interagency Services

<u>Fiscal Detail</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>Total</u>
Operating Expenditures			
001-1 - General Fund - Basic Account-State	\$1,565,000	\$1,565,000	\$3,130,000
Staffing			Annual
FTEs	N/A	N/A	Average
			N/A

Package Description

The Department requests funding to extend the interagency computer leasing agreement with the Department of Information Services (DIS) to include computer software in an effort to achieve a predictable, appropriate software replacement cycle. The Department requests to participate in a long-term commitment with DIS by signing a Microsoft Enterprise Agreement for its software needs.

In 2001, the Office of Financial Management (OFM) reviewed information technology upgrade policies and procedures and published their findings in an issue paper, entitled, “Information Technology Upgrade Policy Review”. The issue paper stated, “The most forceful driver – upon which state government can exert the least control – is the prevailing industry software cycle. Desktop software is produced or upgraded on an 18-month cycle. One software upgrade can usually be skipped without suffering productivity or support issues. But by the end of the third year, the software must be upgraded to keep up with vendor support, and compatibility within among agencies and other partners. It is frequently impossible to continue using an older version, because incompatibility with other systems eventually forces an upgrade. Once one workgroup upgrades, everyone in the agency need to upgrade to maintain compatibility, or else document compatibility and information – sharing issues become prominent, and support costs increase with the complexity of multiple versions.”

History has proven that the Department has lagged behind in technology. OFM reports that lagging software replacement cycles present the following challenges for state government:

- Inability to take advantage of evolving security features; leaving networks and applications susceptible to security and privacy breaches and major system failures due to viruses;
- Equipment failures that result in employee downtime frustration, that results in the inability to respond to customer and complete work assignments. Even partial failures, such as frequent “reboots” can result in hundreds of hours of downtime. The inability to access systems or applications hinders greater efficiencies or consistency;
- Incompatibility of office automation products that can cause problems with communications and/or information sharing within or among agencies;
- Undefined replacement cycles that can result in inconsistent and less predictable budget requirements, dollars being reallocated, and unexpected expenses when software is unsupported, incompatible and has to be replaced.

The Microsoft Enterprise Agreement with DIS would ensure that the Department would not lag behind in technology. With participation in this agreement, the Department can avoid the challenges previously outlined by OFM. According to DIS and Microsoft, all large agencies in Washington State, except for the Department of Corrections and Employment Security Department, participate in the Microsoft Enterprise Agreement.

In this agreement, the Department would commit to a three-year investment then on-going yearly maintenance for each subsequent year. The agreement costs approximately \$250 per PC per year for the first three years, and \$165 per PC per year thereafter. In the last three fiscal years, the Department’s average annual investment for desktop software, that is included in this agreement, has been less than \$60,000. In past years, the Department has been forced to re-prioritize its resources so that the Department could replace unsupported or incompatible software. OFM reports that, “When funding is not received and other resources cannot be used, agencies must utilize technology that negatively affects productivity, customer services, and support costs. In addition, agencies may not be able to capitalize on advances in technology, some of which – such as security – may increase risk if not utilized.”

This request will ensure a stable, predictable, appropriate method to maintain the Department’s total computing environment (desktop PC and software); provide a firm foundation for the Department to build on its portfolio of business tools and reduce the total cost for software. This agreement has the potential to:

1. Increase operational efficiency by providing tools which automate routine tasks and provide for data sharing;
2. Stabilize the computer platform to assist in the development of improved business tools that are responsive, effective and efficient;
3. Provide online training opportunities on Microsoft Office products for end users as well as training vouchers for technical staff;
4. Decrease acquisition costs for software;
5. Simplify license tracking to ensure software license compliance.

The Department would like to be proactive in planning to deploy new technologies and be able to take advantage of the many benefits including security improvements built into new software. The Department intends to improve and expand its internal and external communications by:

- Replacing public folders, and providing better platforms for collaboration;
- Providing easy access to information;
- Automating electronic business form processing to capture and share data;
- Increasing training opportunities

The Department recently deployed significant upgrades to its 6,250 computers. The Department purchased necessary licenses for these upgrades over a five-year period. Without a predictable funding source it makes it very difficult to plan the deployment and standardize the version of software used in the Department. For the first time in over ten years, the Department is finally on a single operating system, Microsoft Windows XP, and a common productivity suite, Microsoft Office XP. Microsoft will discontinue mainstream support for Office XP in July 2006; and offer only limited extended support until July 2011. Diminished vendor support may translate in difficulty to support users, loss of productivity and the ability to secure these applications and operating systems. The estimated cost to upgrade to the next version of Windows, Office and associated client access licenses will be nearly \$4,000,000. Upgrading to newer versions of Office provides greater functionality to users as the Department plans to deploy software, such as Microsoft SharePoint Portal Server, to support business operations and improve internal and external communications.

Information technology is a critical tool for conducting state business. As more services are provided through technology, it becomes more important to protect the state's assets from such things as security breaches, viruses, and unauthorized access to confidential information. A repeatable software replacement cycle can help ensure that the Department's computing environment is stable and secure to support service delivery.

Narrative Justification and Impact Statement

How contributes to strategic plan:

The request ensures that the Department has the necessary resources to maintain current levels of service and performance.

This request is required to sustain the agency activities: *Confine Convicted Adults in State Prisons, Health Care Services for Adults in State Prisons, Supervise Adult Offenders in the Community, Core Administration, and Re-Entry Services for Adult Offenders*. The resources identified will be directed to support the agency objectives to meet the business administration needs of the agency and protect staff. The strategies are to deploy new business practices and technology systems and maintain safe work environments for staff. These objectives and strategies move the Department closer to meeting its high-level organizational goal to meet the business practices and technology systems. This high-level goal is an intermediate outcome and helps achieve statewide results that improve the safety of people and property.

Performance Measure Detail

No measures were submitted for this package.

Reason for change:

In the Fall of 2004, the Department successfully began its personal computer (PC) leasing program with the Department of Information Services to achieve a 3-year replacement cycle for its personal computers. Prior to this program, the Department was unable to achieve a predictable, appropriate replacement cycle for its PCs and software, due to budget constraints, disparate funding sources. At the beginning of the PC leasing program, it was apparent that the Department should standardize and upgrade its PC base before the Department could benefit from the establishment of a long-term software replacement cycle. In Fiscal Year 2007, the Department will complete its first 3-year PC leasing cycle and ready to create a predictable, cost-effective method for software licensing.

Development of, and adherence to, appropriate IT replacement cycles can provide benefits including:

- More predictable on-going costs for budgeting purposes;
- More consistent access to evolving technology security strategies;
- Greater consistency of operating systems and application versions, which reduces complexity of the computing environment, support costs, and administrative overhead associated with asset management; and
- Remote administration of desktops (software support, installations and upgrades) that can avoid considerable time and travel costs compared to individual on-site installations.

OFM reports that, “Historically, personal computers and basic office applications have been treated as one-time expenses, purchases, upgraded or replace as agencies can get budget approval or utilize unspent dollars in other areas. Investments in desktop technologies are no longer a one-time expenses, but an on-going cost of doing business. Personal computers and basic office application are everyday tools for state government employees. Increasing business requirements, frequent technology changes and technology support costs drive the need for recurring IT replacements. Tight state finances make development of a consistent IT replacement policy even more important than during times of greater resource availability, because it forces agencies to be much more judicious about where they spend their resources. When funding is not received and other resources cannot be used, agencies must utilize equipment that negatively affects productivity, customer services, and support costs. In addition, agencies may not be able to capitalize on advances in technology, some of which – such as security – may increase risk if not utilized.”

Impact on clients and services:

Information technology tools are essential to state government services and accountability. They have become as much a part of doing business as buildings and electricity. Disruption of these essential tools because of downtime, non-compatibility, or security issues has major affects on state government productivity and services to the public. Funding will ensure the Department is able to maintain current service levels and sustain mission critical information sharing across the state.

Impact on other state programs:

The Department will be in a better position to provide increased opportunities for data sharing with other agencies and justice partners with up-to-date software, which is more compatible, and supports data sharing.

Relationship to capital budget:

N/A

Required changes to existing RCW, WAC, contract, or plan:

N/A

Alternatives explored by agency:

No other alternatives were explored.

Budget impacts in future biennia:

This request will be carried forward into future biennia. Funding requirements are based on the number of computers used in the Department. As the computer base increases to meet capacity and workload increases, additional funding in future biennia will be required. In the 2009-2011 Biennium, the Department intends to expand the Microsoft Enterprise Agreement with DIS to include server operating systems, database management, and other selected desktop and enterprise software.

Distinction between one-time and ongoing costs:

All costs are ongoing.

Effects of non-funding:

Costs for purchasing and maintaining software continue to increase. This decreases the ability of the Department to plan for a stable, sustainable funding resource for software. It diminishes the ability of the Department to take advantage of improved security and innovations being introduced in the marketplace. As example, Microsoft Vista Enterprise, the upcoming new operating system release, will be only available to those organizations that are enrolled in Microsoft's Enterprise Agreement. Not being enrolled in this program will preclude the Department from taking advantage of enhanced application compatibility tools and disk image management tools for creating and distributing standard installations; thus diminishing the Department's ability to provide a standard, stable computing environment.

Non-funding may lead the Department to continue to lag behind technology resulting in:

- Relying on software unsupported by the vendor for critical daily operations;
- Difficulty to provide a stable and secure computing environment;
- Unpredictable software development platform;
- A diminished opportunity to share data and remain compatible with other state agencies and justice partners;
- The inability to take advantage of Enterprise versions of upcoming operating systems and applications; and
- Increased support costs

Not funding the request will require the Department to reprioritize resources and re-assess the Department's ability to maintain current and future agency performance. Any such reassessment that is driven by diminished resources will likely create a negative impact on the Department's ability to successfully meet organizational goals, deliver intermediate outcomes, and help achieve statewide results that improve the safety of people and property.

Expenditure Calculations and Assumptions:

The following page details estimates comparing the Microsoft Enterprise Agreement with traditional spending practices, such as Microsoft Select Agreement through DIS.

The Department has worked with DIS and Microsoft to develop a cost breakdown to determine what funding is required to participate in the Microsoft Enterprise Agreement.

The estimates are based on the following assumptions:

- DOC will refresh its PC platform operating system and Office Suite every 3 years.
- Calculations are based on projected number of computers as reported in the Department's IT portfolio.
- Unit cost estimates are based on cost estimates provided by Microsoft.
- Price estimates do not include available discounts of 15% for Years 1-3, and Platform EA Discounts of 5% upon renewal for subsequent years. The Department of Information Services will calculate final pricing and discounts.

<u>Object Detail</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>Total</u>
E Goods and Services	\$1,565,000	\$1,565,000	\$3,130,000
Total	\$1,565,000	\$1,565,000	\$3,130,000